

VICTORY ENERGY OPERATIONS, LLC • 302 E. 5th AVE., OWASSO, OKLAHOMA 74055
918/274-0023 • FAX 918/274-0059



September 25, 2003

Mr. Ted Furman
Erie Power Technologies, Inc.
5300 Knowledge Parkway, Suite 200
Erie, PA 16510-4660

RE: License Agreement – Semi Annual Statement (Clause 7, 7.b)
Time Period Ending 9/25/03

Dear Mr. Furman:

In accordance section 7.7.b of the license agreement, please find below our semi-annual report for the Keystone boilers that have been sold by Victory Energy Operations, LLC.

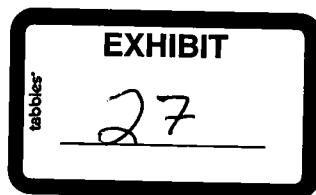
Please review the attached information and should you have any questions, please feel free to contact me.

Sincerely,
Victory Energy Operations, LLC

A handwritten signature in black ink, appearing to read "J. Viskup, Jr.", written over the company name.

John C. Viskup, Jr.
President

c: Mark White
Shawn Brewer



Visit our website: www.victoryenergyinc.com

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Owasso, Oklahoma

St. Paul, Minnesota

Chicago, Illinois



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Keystone Boiler Projects

1. **Owner:** Atofina Chemicals, Inc - Houston, TX

Rep: Tejas Boiler Services, Inc. - Houston, TX

P.O. Date: 06/05/03

Equipment:

One (1) Keystone model 14M (100% Full Membrane Watercooled)

Boiler Trim

Economizer

Stub Stack

Burner Mounting (Todd Burner and controls provided by rep)

5 Days Startup Service (No Commission toward Royalty - Amount \$ 7,000.00)

Freight to the jobsite (No Commission towards Royalty - \$ 8,000.00)

Total Sale Price: \$275,000.00

Erie Royalty (4%): \$10,400.00

Schedule:

Unit to Ship: November 17, 2003

2. **Owner:** Iowa Ethanol, LLC - Hanlontown, Iowa

Representative: None

P.O. Date: 02/04/03

Equipment Sold:

One (1) Keystone Model 15 M (100% Full Membrane Watercooled)

Boiler Trim

Economizer

Stub Stack

Low NOx Peabody burner (Controls - BMS & Combustion Controls by others)

Burner Mounting

Start-up

Freight

Total Sale Price: \$ 345,000.00

Erie Royalty (4%): \$ 13,800.00

Schedule: Unit shipped 8/26/03

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3. **Owner:** Otter Creek Ethanol
Ashton, Iowa

Representative: None

P.O. Date: 02/04/03

Equipment Sold: One (1) Keystone Model 15 M (100% Full Membrane Watercooled)
Boiler Trim
Economizer
Stub Stack
Low NOx Peabody burner (Controls – BMS & Combustion Controls by others)
Burner Mounting
Start-up
Freight

Total Sale Price: \$ 345,000.00

Erie Royalty (4%): \$ 13,800.00

Schedule: Unit shipped 9/03/03

4. **Owner:** Roswell Park Cancer Center - Buffalo, NY

Rep: Trojan Energy - Troy, NY

P.O. Date: 05/12/03

Equipment:
One (1) Keystone model 12M (100% Full Membrane Watercooled)
Boiler Trim
Economizer
Todd Burner
Freight to the jobsite (No Commission towards Royalty - \$8,000.00)

Total Sale Price: \$355,375.00

Erie Royalty (4%) : \$13,895.00

Schedule:
Unit to Ship: 11/03/03

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5. **Owner:** Sioux River Ethanol
 Hudson, South Dakota

Representative: None

P.O. Date: 03/14/03

Equipment Sold: One (1) Keystone Model 15 M (100% Full Membrane Watercooled)
 Boiler Trim
 Economizer
 Stub Stack
 Low NOx Peabody burner (Controls – BMS & Combustion Controls by others)
 Burner Mounting
 Start-up
 Freight

Total Sale Price: \$ 345,000.00

Erie Royalty (4%): \$ 13,800.00

Schedule: Unit to ship by 09/30/03

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